

“Light at the end of the tunnel”

City of Minneapolis - 2004 Budget Address

Mayor R.T. Rybak

August 14, 2004

Today's Presentation

Part I: 2004 Budget Overview

Part II: Five Major Strategies

- Do more with less, through innovation and reform
- Protect and strengthen our public-safety capacity
- Develop fairer and more diverse revenue sources
- Stabilize and focus community development
- Build the bridge to a better financial future

Part III: Little Things that Matter

Part IV: Taxes and Affordability

Part V: Summary

Part I: 2004 Budget Overview

Because of good work, I have good news today:

- **Public Safety Protected:** despite huge LGA cuts, there will be no cuts in Police and Fire.
- **Our Employees Will Be On the Job:** laid-off Firefighters and Police CSOs are coming back; citizens will see more “cop time on the street.”
- **Minimal Cuts in Other Departments:** while cuts made in 2003 must be maintained, deeper cuts avoided for other city services.

Budget Overview, continued...

- **Community Development Stabilized:** smaller, but stable funding stream established for housing and economic development, including NRP; aligned with city priorities and targeted to those most affected by state cuts.

How Was the Budget Balanced?

- **Tough, Timely Choices**
- **Leaner, More Efficient Government**
- **Fiscally Responsible Use of Legacy Fund**
- **Tax and Wage Policy Maintained**

Budget Overview, continued...

We are taking a balanced, long-term approach:

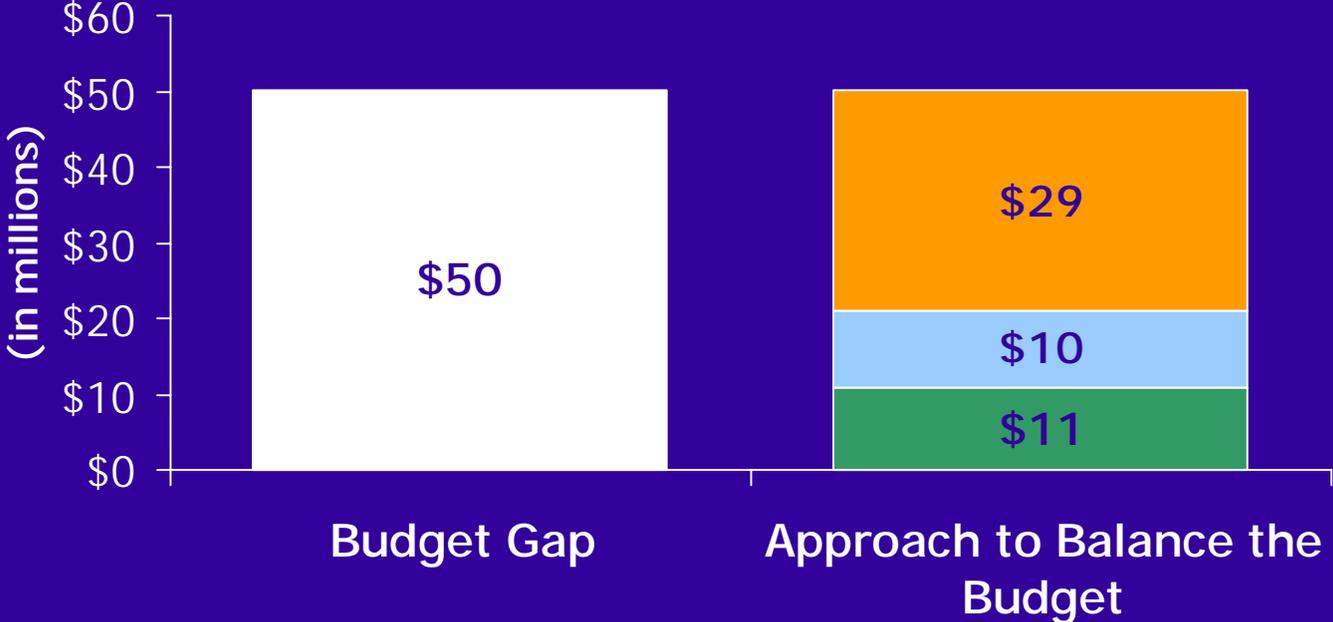
Cut Spending. We cut \$20M from our 2003 budget at mid year. While we kept the cuts to public safety smaller, proportionately, every City service supported by property tax was affected.

Raise Revenue. The City will raise \$13.2M in new revenue, while maintaining an 8% cap on annual increases in the City's portion of property tax. I am committed to holding the line on our tax policy.

Reduce Costs and Reform Government. The Council and I have agreed not to approve future labor contracts with more than 2% wage increases. Without this policy, services would have been cut deeper, and 500 employees would have lost their jobs over 5 years.

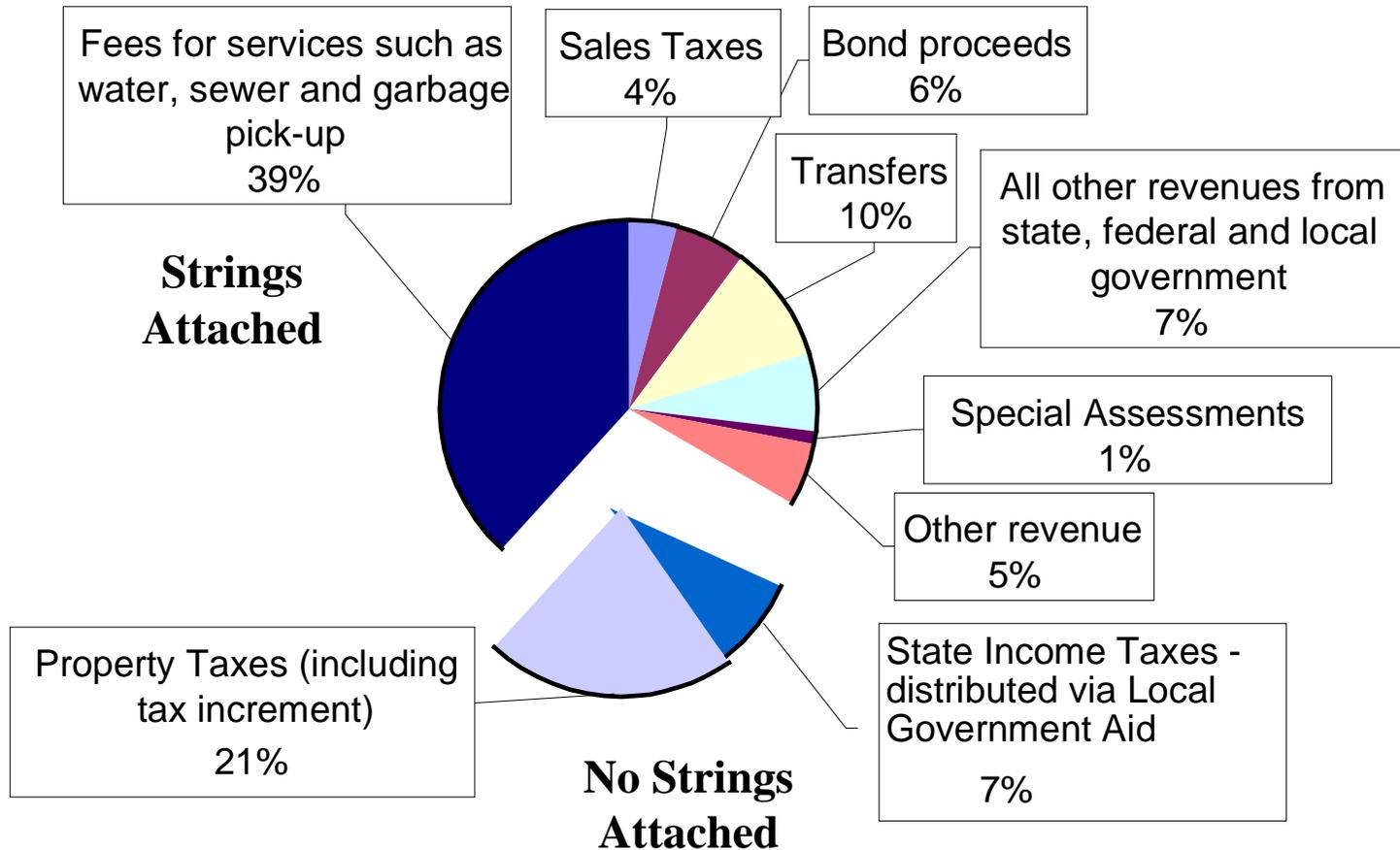
Five-Year Financial Plan. Continues to guide our decisions.

Balanced Approach to Budget Gap



- Spending cuts
- Other revenue increases
- Property tax levy increase
- Demand for additional resources

Most City Revenue has Strings Attached

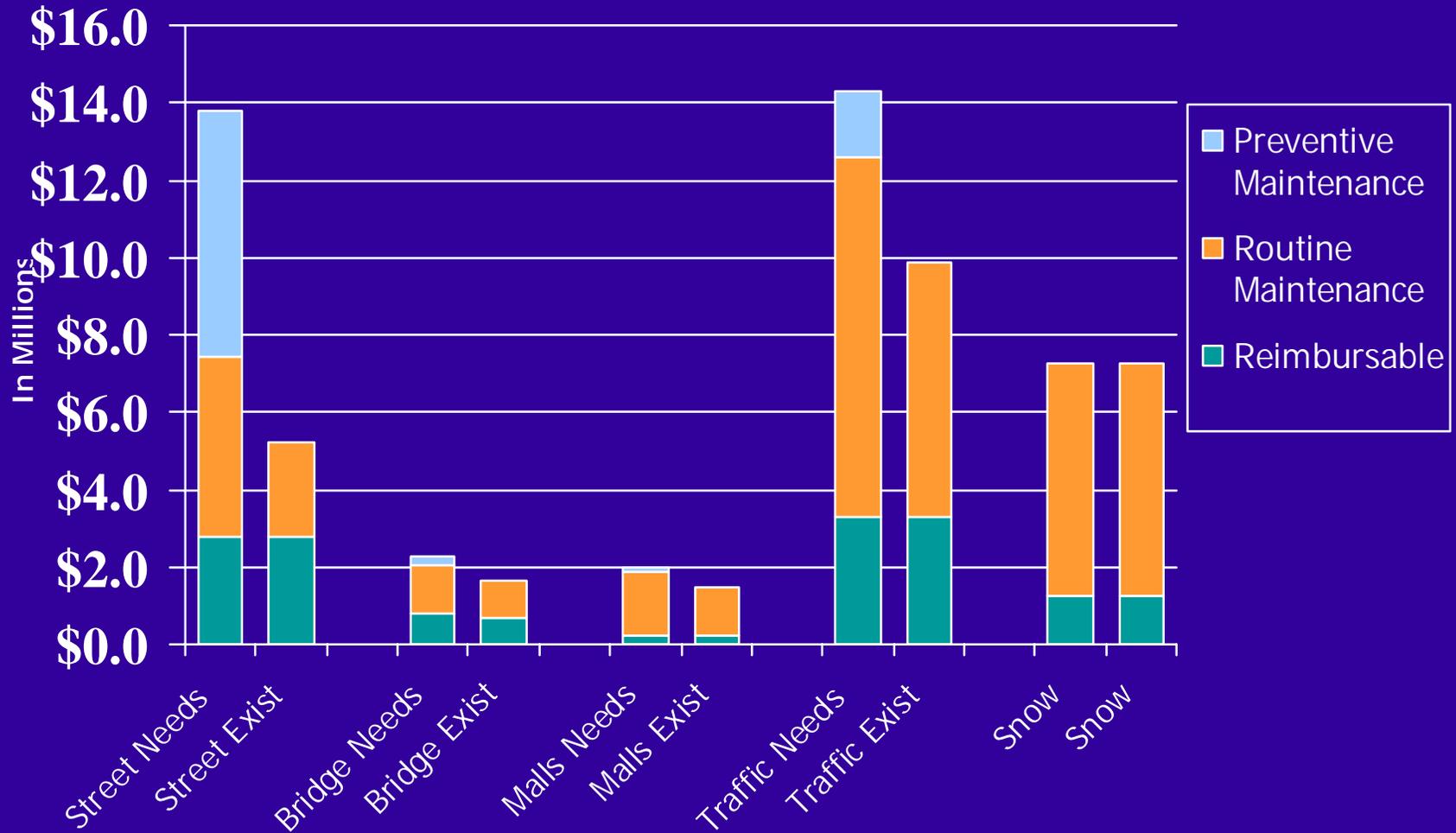


Part II: Five Major Strategies

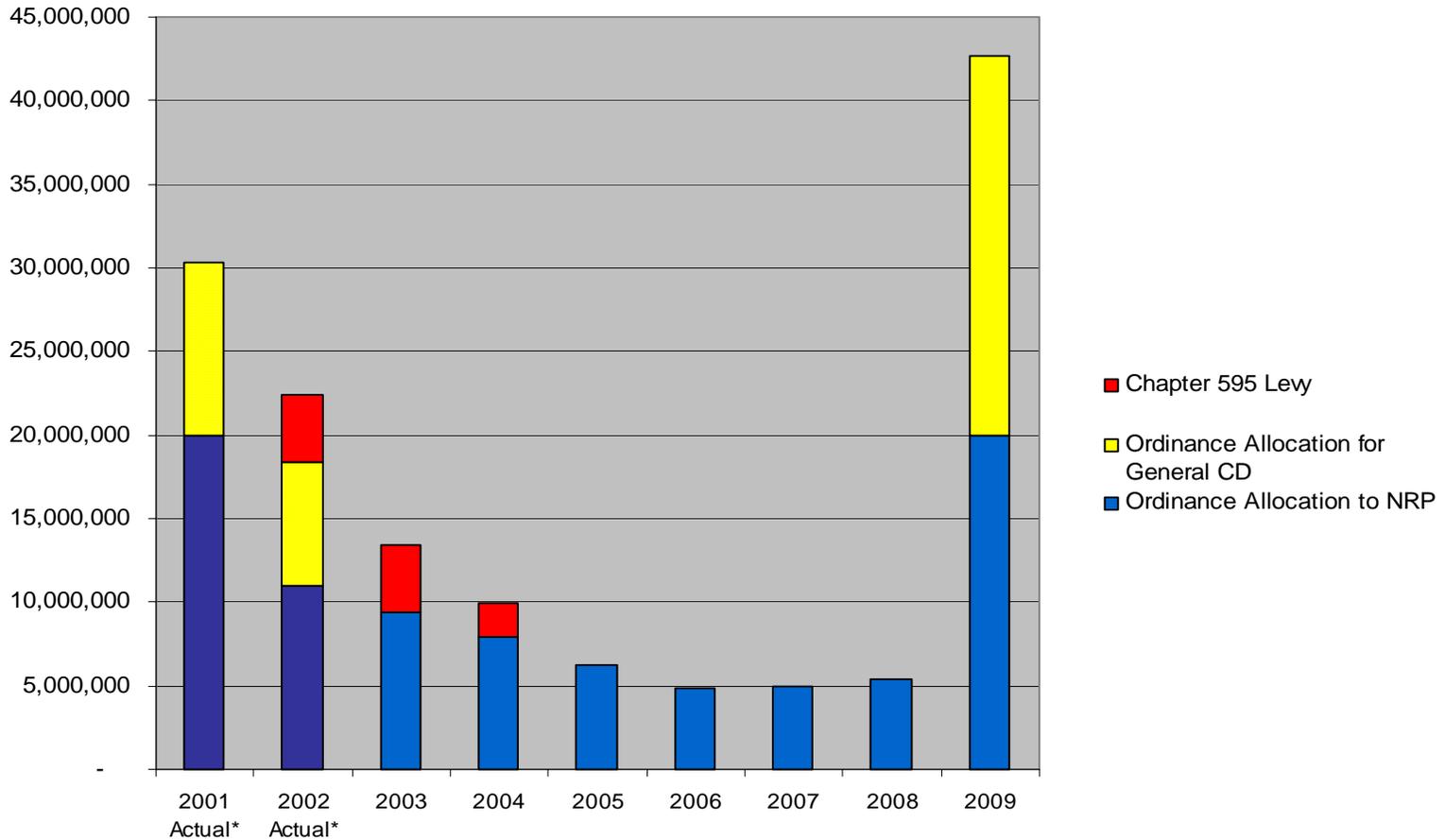
2004 budget is built on five related strategies:

- 1. Do more with less, through innovation and reform**
- 2. Protect and strengthen our public-safety capacity**
- 3. Develop fairer and more diverse revenue sources**
- 4. Stabilize and focus community development**
- 5. Build the bridge to a better financial future**

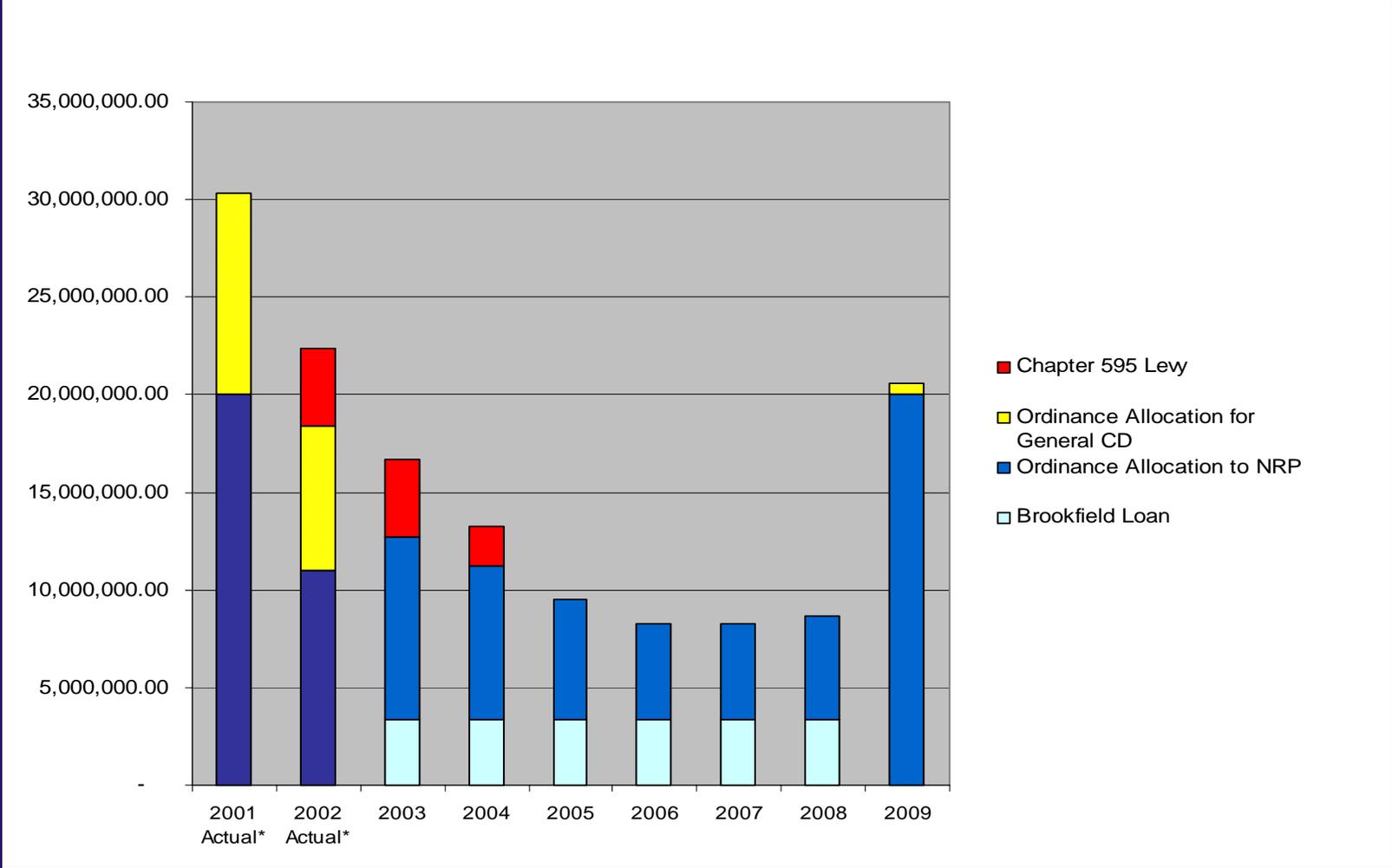
Transportation Fund Maintenance and Operation Needs Compared to Existing Funding



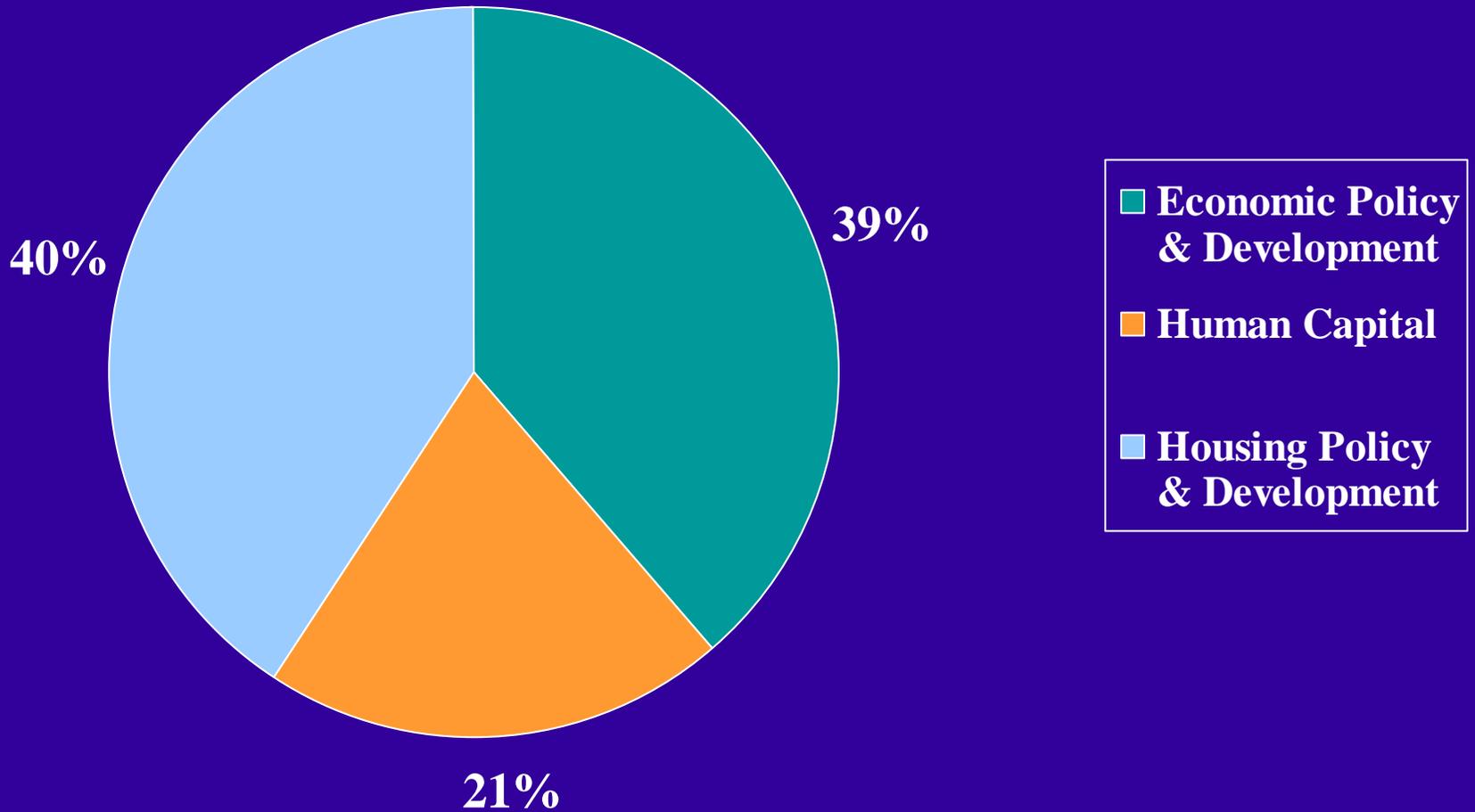
CD/NRP Resources without Legacy Fund



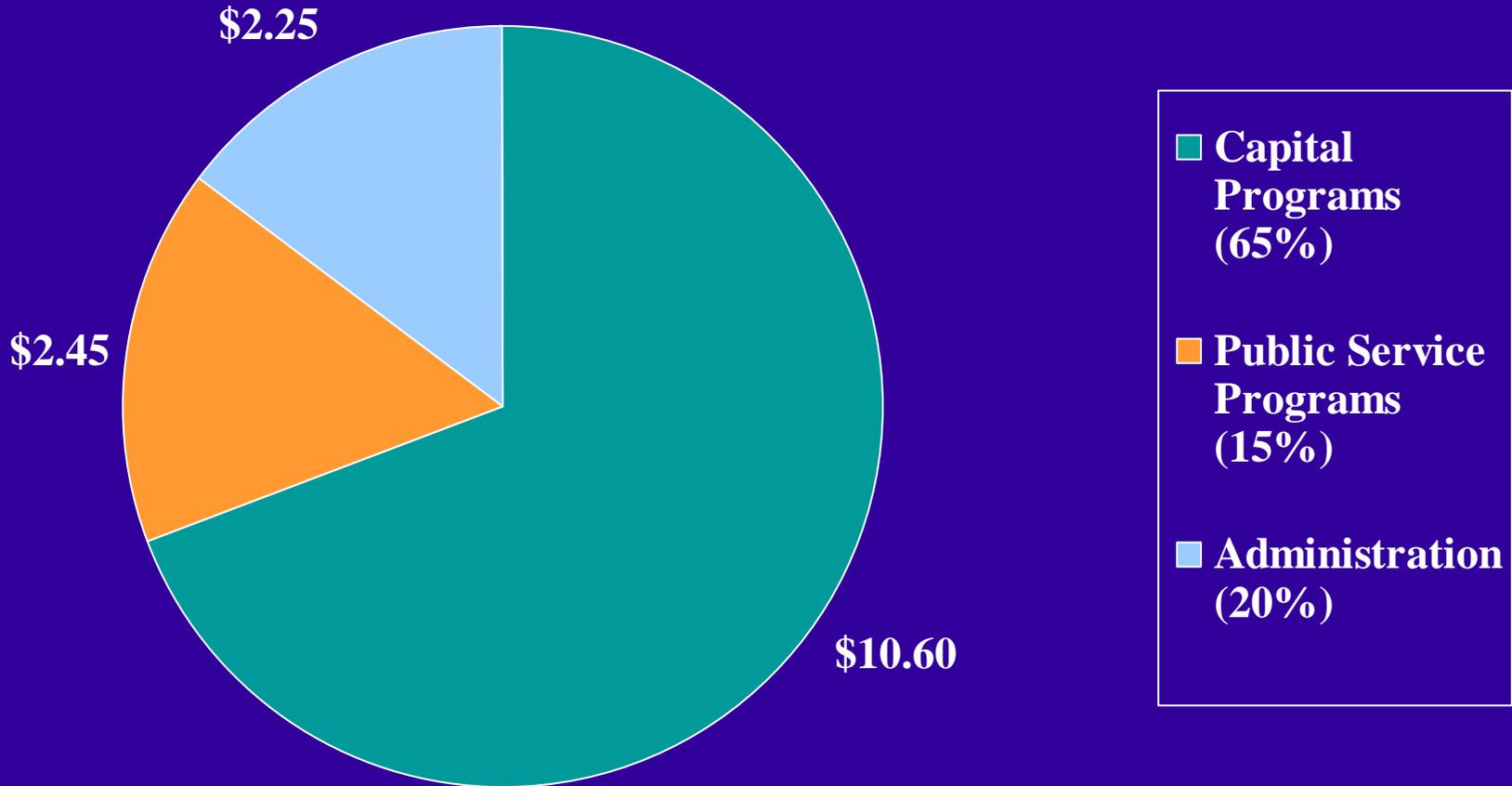
CD/NRP Resources with Legacy Fund



Preliminary CPED 2004 Allocations



Recommended CDBG Allocations



(Figures in millions of dollars.)

Part III: Little Things that Matter

While minding the “forest,” let’s not lose sight of the “trees;” the little things that make our City livable:

- **Boulevard Trees**
- **Graffiti Removal**
- **Bike Trails**
- **Skate Parks**
- **Public Art**

Part V: Summary

Public Safety Protected

- Despite huge LGA cuts including a last minute additional \$1.8 million cut, there will be no cuts in Police and Fire.
- \$2.8M investment to target repeat offenders.

Our Employees Will Be On the Job

- Diverse groups of laid-off Firefighters and Police Community Service Officers are coming back.
- Citizens in crime-impacted neighborhoods will see more “cop time on the street.”

Summary, continued...

Minimal Cuts in Other Departments

- While deep cuts made in 2003 must be maintained, deeper cuts avoided for other city services.

Community Development Stabilized

- Smaller, but stable funding stream established for housing, jobs and economic development activities including the Neighborhood Revitalization Program (NRP).
- Activities will be aligned with city priorities and targeted to those most affected by state cuts.

Summary, continued...

How Was the Budget Balanced?

- **Tough Choices.** By making tough choices when LGA cuts were announced, we avoided deeper cuts later.
- **Leaner, More Efficient Government.** Reforms & management efficiencies like CPED reforms and transferring some inspections work to the Fire department mean we can do more with less.
- **Fiscally Responsible Use of Legacy Fund.** Using a portion of the proceeds from sale of the Hilton Hotel to pay down debts and eliminate \$1.5 million in annual debt payments.

Summary, continued...

- **Tax Policy Maintained.** Budget stays within adopted tax policy that caps City's share of property taxes increases at 8 %. \$4% goes just to pay off past debts.
- **Wage Policy Maintained.** If we had not passed a 2% cap on wage increases, the City would have had to make \$5 million more in cuts.

Summary, continued...

Unmet Need for 2005/Biggest Challenge for 2005

- **Funding Needed for Street, Bridge & Light Maintenance**
- The last minute additional LGA cut “blew up the bridge” we were building to more stable public works funding in the future.
- The challenge in 2004 will be to pursue new revenue sources. That challenge is now more urgent due to additional cuts.

Summary, continued...

The Big Picture and the Little Things that Matter

- **“While we keep an eye on the forest, let’s not lose sight of the trees.”**
- While we must focus most of our attention on the “forest” of the City’s financial condition and the basic services we provide, we must not lose sight of the “trees” – the many small things that make our City livable.
- Our trees themselves are one good example. Many have been lost to Dutch Elm, and we must reinvest in this simple treasure that makes our city great.

Summary, continued...

Mayor's 2004 Budget Forums:

- Monday, August 18, 7:00-8:00, **St Mary's Greek Orthodox Church**, 3450 Irving Ave. S
- Thursday, August 21, 7:00-8:00, **North Regional Library**, 1315 Lowry Ave. N
- Tuesday, September 2, 7:00-8:00, **Lake Hiawatha Park**, 2701 E 44th St.
- Wednesday, September 3, 7:00-8:00, **Lynnhurst Community Center**, 1345 W Minnehaha Pkwy.
- Monday, September 15, 7:00-8:00, **Brackett Neighborhood Center**, 2728 39th Ave. S

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